

AGENCY ESTIMATE
OF THE FISCAL IMPACT OF IMPLEMENTING
H.B. 262 2011 General Session
Divided School District Assets and Liabilities

Sponsor: Rep. Kenneth W. Sumsion
Agency Contact: Sean Thomas
Agency Utah State Office of Education

Lead Analyst: Ben Leishman
Title: Audit & Finance Specialist
Office: 801-538-7802 **Cell:** 801-403-4841

A. Short Form (For bills that have no impact on the state, local governments, businesses, or individuals.)

If you can check all five boxes to the right, you're almost done. If the bill obviously doesn't have an impact, you're done.

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | State agencies will not require an appropriation to implement the bill. |
| <input type="checkbox"/> | There is no fiscal impact on local governments. |
| <input checked="" type="checkbox"/> | There is no fiscal impact on businesses |
| <input checked="" type="checkbox"/> | There is no fiscal impact on individuals. |
| <input checked="" type="checkbox"/> | The bill will not affect revenues. |

If it isn't so obvious, explain what's going on. The most usual explanation is the codification of existing practices.

If necessary, explain why this bill has no fiscal impact.

Attachments welcome.

B. What parts of the bill cause fiscal impact?

Cite specific sections or line numbers.

Lines 308 thru 345

C. Which program gets the appropriation?

Enter 3 letter Appropriation Unit Code.

For multiple appropriations

This is of

D. Work Notes: Assumptions, calculations & what are we buying?

Explain the fiscal impact in plain English, detailing your assumptions, methods, & calculations.

List all direct costs. Identify one-time and ongoing costs. Detail FTE impacts.

Do not say, "\$50,000 in Current Expense." Be very specific about what this \$50,000 will buy.

Attachments encouraged.

H.B. 262 eliminates the provisions for resolutions of disputes between the transition teams in dividing assets and liabilities between a new school district and remaining school district. However, H.B. 262 also eliminates some subjective judgement by the transition teams in the division of the assets and liabilities by further defining types of assets and the manner in which they are to be divided. Nevertheless, this leaves state court systems as the final arbiter of disputes over division of assets and liabilities between the two transition teams. The cost to process such disputes may be substantially higher than binding arbitration. The most recent example of a school district split, Jordan School District and the Canyons School District, resulted in approximately over \$3 million in legal fees to process the binding arbitration. The relative cost of legal fees to resolve similar disputes in state court systems rather than in binding arbitration, could be materially higher. The eventual fiscal impact on Local Governments is variant depending on the subjective decisions, determinations, cost to resolve disputes, and mutual agreements of the transition

E. REVENUES

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Total	<u>0</u>	<u>0</u>	<u>0</u>

F. COSTS by FUND

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Total	<u>0</u>	<u>0</u>	<u>0</u>

G. COSTS by EXPENDITURE CATEGORY.

Expenses by Category	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Personal Services			
Travel			
Current Expense			
DP Current Expense			
DP Capital Outlay			
Capital Outlay			
Other/Pass Thru			
Total	<u>0</u>	<u>0</u>	<u>0</u>

H. Non-State Impacts

Your estimate of how will the bill affect:

Local Governments

See note above in section D.

Businesses

Individuals

H.B. 262 eliminates the provisions for resolutions of disputes between the transition teams in dividing assets and liabilities between a new school district and remaining school district. However, H.B. 262 also eliminates some subjective judgement by the transition teams in the division of the assets and liabilities by further defining types of assets and the manner in which they are to be divided. Nevertheless, this leaves state court systems as the final arbiter of disputes over division of assets and liabilities between the two transition teams. The cost to process such disputes may be substantially higher than binding arbitration. The most recent example of a school district split, Jordan School District and the Canyons School District, resulted in approximately over \$3 million in legal fees to process the binding arbitration. The relative cost of legal fees to resolve similar disputes in state court systems rather than in binding arbitration, could be materially higher. The eventual fiscal impact on Local Governments is variant depending on the subjective decisions, determinations, cost to resolve disputes, and mutual agreements of the transition teams of the new district and remaining district.